

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 266  
**Version:** First committee engrossment

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**Authors:** Fritz and others

**Subject:** TEFRA Parental Fees

**Analyst:** Danyell Punelli LeMire (651) 296-5058

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### Overview

This bill requires a DHS notice regarding tax liability to parents who are reimbursed because the TEFRA fees paid exceeded the value of the health services used.

#### Section

**1 Contribution amount.** Amends § 252.27, subd. 2a.

Requires a DHS notice regarding tax liability to parents who are reimbursed because the fees paid exceeded the value of the health services used. This provision is needed to deal with concerns about IRS rules for health savings accounts in relation to Minnesota's parent fee program. Any reimbursement that was originally paid with the pre-tax health savings account is taxable income and the parent has a tax liability for the amount of the reimbursement. Makes this section effective upon notice from MMB to DHS that the parent fee, as amended, qualifies for reimbursement through an employer's health care flexible spending account under the Internal Revenue Code, section 125.